

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
White City, Kansas

STATUTORY BASIS FINANCIAL STATEMENTS

Year Ended June 30, 2010

ALDRICH & COMPANY LLC  
CERTIFIED PUBLIC ACCOUNTANTS  
COUNCIL GROVE, KS 66846

Unified School District No. 481  
Rural Vista  
White City, Kansas

STATUTORY BASIS FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2010

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Unified School District No. 481  
Rural Vista  
White City, Kansas

STATUTORY BASIS FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2010

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# ALDRICH & COMPANY, LLC

315 WEST MAIN  
COUNCIL GROVE, KS 66846

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## CERTIFIED PUBLIC ACCOUNTANTS

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### Independent Auditor's Report

Board of Education  
Unified School District No. 481  
White City, KS

We have audited the accompanying statutory basis financial statements of Unified School District No. 481, Rural Vista as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of Unified School District No. 481 management. Our responsibility is to express an opinion on these statutory basis financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the guidance in the Kansas Municipal Audit Guide, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 11, the beginning fund balances of the general, supplemental general, capital outlay and special education funds have been restated to correct prior misstatements.

As described more fully in Note 2, USD 481 prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonable determinable is presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Rural Vista USD No. 481, as of June 30, 2010, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Rural Vista USD No. 481, as of June 30, 2010, and its cash receipts and expenditures, and budget to actual comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 2.

In accordance with Government Auditing Standards, we have also issued our report dated January 3, 2011, on our consideration of Unified School District 481's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Unified School District 481's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Aldrich Company, LLC*

ALDRICH AND COMPANY LLC  
CERTIFIED PUBLIC ACCOUNTANTS

January 3, 2011

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

STATEMENT 1

Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Fiscal Year Ended June 30, 2010

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ (314,220)		\$ 3,413,344	\$ 3,369,679	\$ (270,555)	\$ 22,626	\$ (247,929)
Supplemental General	(38,910)		886,996	900,000	(51,914)	56,119	4,205
Special Revenue Funds							
Capital Outlay	301,606		357,701	128,873	530,434	21,812	552,246
Drivers Education	31,613		29,811	21,424	40,000		40,000
Food Service	80,000		249,742	249,751	79,991		79,991
Professional Development	11,327		1,037	1,655	10,709		10,709
Special Education	169,016		730,778	533,671	366,123		366,123
Vocational Education	0		247,618	247,618	0	839	839
Contingency Reserve	100,000		68,144	18,144	150,000		150,000
Title I	0		106,790	106,790	(0)		(0)
Title II A Teacher Quality	0		22,413	22,413	0		0
Title II D Education Technology	0		14,039	14,039	0		0
Title II D Technology Rich Grant	0		100,000	100,000	0		0
Title VI Safe & Drug Free Schools	0		1,542	1,542	0		0
REAP Grant	0		20,948	20,948	0		0
Miscellaneous Grants & Clearing	2764		38,456	36,636	4,584	6,876	11,460
KPERs Retirement Contributions	0		90,705	179,016	(88,311)		(88,311)
At-Risk (4 year old)	8,200		24,636	25,309	7,527		7,527
At-Risk (K-12)	0		211,818	211,818	0		0
Charter School	0		155,000	155,000	(0)	4,256	4,256
District Activity Funds	18,127		72,820	67,448	23,499	0	23,499
Debt Service Funds							
Bond and Interest	554,417		313,668	295,600	572,485		572,485
Fiduciary Funds							
Private Purpose Trust Funds	34,041	0	980	450	34,571	0	34,571
Total Reporting Entity (excluding agency funds)	<u>\$ 957,982</u>	<u>\$ 0</u>	<u>\$ 7,158,986</u>	<u>\$ 6,707,825</u>	<u>\$ 1,409,143</u>	<u>\$ 112,529</u>	<u>\$ 1,521,672</u>

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

STATEMENT 1

Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Fiscal Year Ended June 30, 2010

District Checking Accounts	\$ 428,220
District Certificates of Deposit	80,953
Hope School Activity Fund	25,118
Central National Bank, White City, Kansas	
District Certificates of Deposit	700,000
White City School Activity Fund	29,420
Farmers State Bank, Dwight, Kansas	
District Certificates of Deposit	1,000
Citizens State Bank, Woodbine, Kansas	
District Certificates of Deposit	<u>288,000</u>
Total Cash	1,552,711
Agency Funds per Statement 4	<u>(31,039)</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 1,521,672</u>

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 2

Summary of Expenditures – Actual and Budget  
For the Fiscal Year Ended June 30, 2010

Governmental Type Funds	Certified Budget	Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General Fund	\$ 3,509,798	\$ (140,119)	\$ 0	\$ 3,369,679	\$ 3,369,679	\$ (0)
Supplemental General	900,000			900,000	900,000	(0)
Special Revenue Funds						
Capital Outlay	260,000			260,000	128,873	131,127
Drivers Education	29,788			29,788	21,424	8,364
Food Service	319,900			319,900	249,751	70,149
Professional Development	11,327			11,327	1,655	9,672
Special Education	610,876			610,876	533,671	77,205
Vocational Education	276,350			276,350	247,618	28,732
KPERS Retirement Contributions	203,261			203,261	179,016	24,245
At-Risk (4 year old)	25,309			25,309	25,309	0
At-Risk (K-12)	318,468			318,468	211,818	106,650
Debt Service Funds						
Bond and Interest	295,626			295,626	295,600	26

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-1

Statement of Cash Receipts and Expenditures – Actual and Budget  
For the Fiscal Year Ended June 30, 2010

GENERAL FUND

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
General Property Taxes			
Ad Valorem Property Taxes	\$ 411,565	\$ 385,990	\$ 25,575
Delinquent Tax	6,590	6,213	377
Intergovernmental Receipts			
State Equalization Aid	2,466,026	2,598,280	(132,254)
State Aid - Special Education	350,193	356,107	(5,914)
ARRA Stabilization Funds	163,208	163,208	0
Federal Aid	15,762	0	15,762
Total Cash Receipts	<u>3,413,344</u>	<u>3,509,798</u>	<u>(96,454)</u>
Expenditures			
Instruction			
Certified Salaries	997,091	1,231,287	234,196
ARRA Salaries	86,367	0	(86,367)
Employee Benefits	200,378	270,500	70,122
ARRA Employee Benefits	23,995	0	(23,995)
Teaching Supplies	10,504	37,950	27,446
Property & Equipment	14,976	1,000	(13,976)
Total Instruction	<u>1,333,311</u>	<u>1,540,737</u>	<u>207,426</u>
Student Support			
Certified Salaries	40,832	89,500	48,668
ARRA Salaries	3,796	0	(3,796)
Employee Benefits	2,821	6,115	3,294
Purchased Professional & Technical Services	2,843	6,000	3,157
Other Purchased Services	50	400	350
Other	9,072	10,000	928
Supplies	1,942	8,800	6,858
Total Student Support	<u>61,356</u>	<u>120,815</u>	<u>59,459</u>
Instructional Support			
Salaries	81,850	102,500	20,650
ARRA Salaries	7,437	0	(7,437)
Employee Benefits	7,354	9,125	1,771
Other Purchased Services	11,065	10,000	(1,065)
Supplies	1,626	4,500	2,874
Total Instructional Support	<u>109,332</u>	<u>126,125</u>	<u>16,793</u>
Expenditures Subtotal	<u>\$ 1,503,999</u>	<u>\$ 1,787,677</u>	<u>\$ 283,678</u>

The notes to the financial statement are an integral part of this statement.



UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-1 (con't)

Statement of Cash Receipts and Expenditures – Actual and Budget  
For the Fiscal Year Ended June 30, 2010

GENERAL FUND

	Current Year		Variance
	Actual	Budget	Favorable (Unfavorable)
Expenditures Carried Forward	<u>\$ 1,503,999</u>	<u>\$ 1,787,677</u>	<u>\$ 283,678</u>
General Administration			
Certified Salaries	71,688	78,750	7,063
Non-Certified Salaries	15,851	15,720	(131)
ARRA Stabilization	7,941	0	(7,941)
Employee Benefits	18,806	17,845	(961)
Purchased Professional & Technical Services	5,320	3,000	(2,320)
Other Purchased Services	35,275	62,600	27,325
Supplies	1,827	3,075	1,248
Purchased Property Services	0	3,000	3,000
Property & Equipment	0	2,200	2,200
Other	14,160	18,000	3,840
Total General Administration	<u>170,868</u>	<u>204,190</u>	<u>33,322</u>
School Administration			
Certified Salaries	86,982	118,446	31,464
Non-Certified Salaries	53,570	66,630	13,060
ARRA Salaries	23,364	0	(23,364)
Employee Benefits	17,748	23,667	5,919
Other Purchased Services	8,350	12,000	3,650
Supplies	1,604	0	(1,604)
Property & Equipment	1,998	0	(1,998)
Total School Administration	<u>193,617</u>	<u>220,743</u>	<u>27,126</u>
Other Supplemental Services			
Non-Certified Salaries	41,123	47,930	6,807
ARRA Stabilization	3,995	0	(3,995)
Employee Benefits	3,004	3,475	471
Purchased Professional & Technical Services	5,525	8,500	2,975
Other Purchased Services	858	2,100	1,242
Total Other Supplemental Services	<u>54,505</u>	<u>62,005</u>	<u>7,500</u>
Operations and Maintenance			
Non-Certified Salaries	115,421	128,000	12,579
Employee Benefits	9,101	9,580	479
Purchased Professional & Technical Services	43,307	0	(43,307)
Purchased Property Services	94,382	35,817	(58,565)
Other Purchased Services	2,867	1,800	(1,067)
Supplies	50,579	51,725	1,146
Property & Equipment	1,441	1,250	(191)
Total Operations and Maintenance	<u>317,097</u>	<u>228,172</u>	<u>(88,925)</u>
Expenditures Subtotal	<u>\$ 2,240,085</u>	<u>\$ 2,502,787</u>	<u>\$ 262,702</u>

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-1 (con't)

Statement of Cash Receipts and Expenditures – Actual and Budget  
For the Fiscal Year Ended June 30, 2010

GENERAL FUND

	Current Year		Variance
	Actual	Budget	Favorable (Unfavorable)
Expenditures Carried Forward	<u>\$ 2,240,085</u>	<u>\$ 2,502,787</u>	<u>\$ 262,702</u>
Student Transportation Services			
Supervision			
Non-Certified Salaries	26,400	32,580	6,180
ARRA Salaries	3,214	0	(3,214)
Employee Benefits	4,341	4,815	474
Vehicle Operating			
Non-Certified Salaries	69,941	108,000	38,059
ARRA Salaries	3,099	0	(3,099)
Employee Benefits	5,591	8,200	2,609
Other Purchased Services	9,332	20,246	10,914
Fuel	24,627	0	(24,627)
Vehicle Service and Maintenance			
Purchased Professional & Technical Services	9,432	9,000	(432)
Supplies	9,347	10,500	1,153
Property & Equipment	<u>554</u>	<u>150</u>	<u>(404)</u>
Total Student Transportation Services	<u>165,877</u>	<u>193,491</u>	<u>27,614</u>
Fund Transfers			
Capital Outlay	222,215	80,000	(142,215)
Special Education	468,536	400,000	(68,536)
Vocational Education	71,350	80,000	8,650
Contingency Reserve	68,144	0	(68,144)
At Risk (K-12)	<u>133,472</u>	<u>253,520</u>	<u>120,048</u>
Total Fund Transfers	<u>963,717</u>	<u>813,520</u>	<u>(150,197)</u>
Adjustment to Comply with Legal Max Budget	<u>0</u>	<u>(140,119)</u>	<u>(140,119)</u>
Legal General Fund Budget	3,369,679	3,369,679	(0)
Adjustments for Qualifying Budget Credits	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>3,369,679</u>	<u>\$ 3,369,679</u>	<u>\$ (0)</u>
Receipts Over (Under) Expenditures	43,665		
Unencumbered Cash, July 1	<u>(314,220)</u>		
Unencumbered Cash, June 30	<u>\$ (270,555)</u>		

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-2

Statement of Cash Receipts and Expenditures – Actual and Budget  
For the Fiscal Year Ended June 30, 2010

SUPPLEMENTAL GENERAL LOCAL OPTION BUDGET

	Current Year		Variance
	Actual	Budget	Favorable (Unfavorable)
Cash Receipts			
Ad Valorem Property Tax	\$ 468,201	\$ 437,133	\$ 31,068
Delinquent Tax	6,235	5,625	610
Motor Vehicle Tax	34,097	37,578	(3,481)
Recreational Vehicle Tax	534	660	(126)
State Aid	278,190	395,361	(117,171)
ARRA Stabilization Funds	99,739	0	99,739
Total Cash Receipts	<u>886,996</u>	<u>876,357</u>	<u>10,639</u>
Expenditures			
Instruction			
ARRA-Certified Salaries	99,739	0	(99,739)
Supplies	53,127	20,000	(33,127)
Operations and Maintenance			
Purchased Professional & Technical Services	34,119	73,349	39,230
Purchased Property Services	58,064	70,000	11,936
Heat and Electricity	38,469	90,000	51,531
Student Transportation Services			
Motor Fuel	11,939	40,000	28,061
Other Purchased Services	0	0	0
Fund Transfers			
Drivers Education	23,832	0	(23,832)
Special Education	252,406	229,049	(23,357)
Professional Development	1,037	15,000	13,963
Vocational Education	176,268	205,000	28,732
At-Risk (4 Yr Old)	12,654	12,654	0
At-Risk (K-12)	73,948	64,948	(9,000)
Food Service	64,398	80,000	15,602
Total Expenditures	<u>900,000</u>	<u>\$ 900,000</u>	<u>\$ (0)</u>
Receipts Over (Under) Expenditures	(13,004)		
Unencumbered Cash, July 1	<u>(38,910)</u>		
Unencumbered Cash, June 30	<u>\$ (51,914)</u>		

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-3

Statement of Cash Receipts and Expenditures – Actual and Budget  
For the Fiscal Year Ended June 30, 2010

CAPITAL OUTLAY FUND

	Current Year		Variance
	Actual	Budget	Favorable (Unfavorable)
Cash Receipts			
General Property Taxes			
Ad Valorem Property Tax	\$ 1,719	\$ 1,547	\$ 172
Delinquent Tax	1,136	951	185
Motor Vehicle	5,422	5,752	(330)
Recreational Vehicle Tax	78	102	(24)
Investment Income	8,601	10,000	(1,399)
Miscellaneous Revenue & Reimbursements	110,773	15,000	95,773
Federal Aid	7,757	0	7,757
Transfer from General Fund	222,215	80,000	142,215
Total Cash Receipts	<u>357,701</u>	<u>113,352</u>	<u>244,349</u>
Expenditures			
Property and Equipment	47,774	151,000	103,226
Land Improvements	1,000	2,000	1,000
Architect and Engineering	4,469	10,000	5,531
Facility Acquisition and Construction Services	4,286	10,000	5,714
Site Improvements	6,065	0	(6,065)
Building Improvements	65,279	77,000	11,721
Other	0	10,000	10,000
Total Expenditures	<u>128,873</u>	<u>\$ 260,000</u>	<u>\$ 131,127</u>
Receipts Over (Under) Expenditures	228,828		
Unencumbered Cash, July 1	<u>301,606</u>		
Unencumbered Cash, June 30	<u>\$ 530,434</u>		

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-4

Statement of Cash Receipts and Expenditures – Actual and Budget  
For the Fiscal Year Ended June 30, 2010

DRIVERS EDUCATION FUND

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
State Aid	\$ 1,700	\$ 1,550	\$ 150
Fees	4,279	2,500	1,779
Transfers In	23,832	0	23,832
Total Cash Receipts	<u>29,811</u>	<u>4,050</u>	<u>25,761</u>
Expenditures			
Instruction			
Salaries	6,180	5,000	(1,180)
Employee Benefits	460	388	(72)
Supplies	14	100	86
Vehicle Operation			
Purchased Services	1,848	0	(1,848)
Property	12,349	24,000	11,651
Supplies	573	300	(273)
Total Expenditures	<u>21,424</u>	<u>\$ 29,788</u>	<u>\$ 8,364</u>
Receipts Over (Under) Expenditures	8,387		
Unencumbered Cash, July 1	<u>31,613</u>		
Unencumbered Cash, June 30	<u>\$ 40,000</u>		

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-5

Statement of Cash Receipts and Expenditures – Actual and Budget  
For the Fiscal Year Ended June 30, 2010

FOOD SERVICE FUND

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Intergovernmental Receipts			
Federal Aid	\$ 103,110	\$ 99,272	\$ 3,838
State Aid	2,213	2,509	(296)
Lunch Sales - Students	74,145	76,245	(2,100)
Lunch Sales - Adults	5,876	18,726	(12,850)
Transfer from Supplemental General	64,398	80,000	(15,602)
Total Cash Receipts	<u>249,742</u>	<u>276,752</u>	<u>(27,010)</u>
Expenditures			
Operations and Maintenance			
Purchased Property Services	3,637	6,000	2,363
Other	21,911	24,000	2,089
Food Operation			
Salaries	112,783	133,000	20,217
Employee Benefits	13,393	17,200	3,807
Other Purchased Services	275	200	(75)
Food	92,806	120,000	27,194
Non-Food	4,869	9,500	4,631
Equipment	77	10,000	9,923
Total Expenditures	<u>249,751</u>	<u>\$ 319,900</u>	<u>\$ 70,149</u>
Receipts Over (Under) Expenditures	(9)		
Unencumbered Cash, July 1	<u>80,000</u>		
Unencumbered Cash, June 30	<u>\$ 79,991</u>		

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-6

Statement of Cash Receipts and Expenditures – Actual and Budget  
For the Fiscal Year Ended June 30, 2010

PROFESSIONAL DEVELOPMENT FUND

	Current Year		Variance
	Actual	Budget	Favorable (Unfavorable)
Cash Receipts			
Intergovernmental Receipts			
State Aid	\$ 0	\$ 0	\$ 0
Transfers In	1,037	15,000	(13,963)
Total Cash Receipts	<u>1,037</u>	<u>15,000</u>	<u>(13,963)</u>
Expenditures			
Salaries	0	2,327	2,327
Employee Benefits	0	0	0
Other Purchased Services	0	1,000	1,000
Other	1,655	6,000	4,345
Supplies	0	2,000	2,000
Total Expenditures	<u>1,655</u>	<u>\$ 11,327</u>	<u>\$ 9,672</u>
Receipts Over (Under) Expenditures	(618)		
Unencumbered Cash, July 1	<u>11,327</u>		
Unencumbered Cash, June 30	<u>\$ 10,709</u>		

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-7

Statement of Cash Receipts and Expenditures – Actual and Budget  
For the Fiscal Year Ended June 30, 2010

SPECIAL EDUCATION FUND

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Federal Aid	\$ 9,836	\$ 0	\$ 9,836
Transfer from General	468,536	400,000	68,536
Transfer from Supplemental General	252,406	229,049	23,357
Total Cash Receipts	<u>730,778</u>	<u>629,049</u>	<u>101,729</u>
Expenditures			
Instruction			
Certified Salaries	41,894	50,000	8,106
Employee Benefits	138	0	(138)
Special Education Coop	426,995	428,321	1,326
Other Purchased Services	0	25	25
Transportation			
Salaries	48,846	44,000	(4,846)
Employee Benefits	4,938	8,030	3,092
Purchased Services	3,453	6,500	3,047
Supplies	4,656	8,000	3,344
Equipment	0	61,000	61,000
Vehicle Services and Maintenance			
Purchased Professional and Technical Services	2,752	5,000	2,248
Total Expenditures	<u>533,671</u>	<u>\$ 610,876</u>	<u>\$ 77,205</u>
Receipts Over (Under) Expenditures	197,107		
Unencumbered Cash, July 1	169,016		
Unencumbered Cash, June 30	<u>\$ 366,123</u>		

The notes to the financial statement are an integral part of this statement.



UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-8

Statement of Cash Receipts and Expenditures – Actual and Budget  
For the Fiscal Year Ended June 30, 2010

VOCATIONAL EDUCATION FUND

	Current Year		Variance
	Actual	Budget	Favorable (Unfavorable)
Cash Receipts			
Transfer from General	\$ 71,350	\$ 80,000	\$ (8,650)
Transfer from Supplemental General	176,268	205,000	(28,732)
Total Cash Receipts	<u>247,618</u>	<u>285,000</u>	<u>(37,382)</u>
Expenditures			
Instruction			
Certified Salaries	202,877	213,950	11,073
Employee Benefits	14,429	16,100	1,671
Other Purchased Services	0	200	200
Supplies	9,927	24,000	14,073
Operations and Maintenance			
Supplies	20,385	22,100	1,715
Total Expenditures	<u>247,618</u>	<u>\$ 276,350</u>	<u>\$ 28,732</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, July 1	0		
Unencumbered Cash, June 30	<u>\$ 0</u>		

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-9

Statement of Cash Receipts and Expenditures – Actual  
For the Fiscal Year Ended June 30, 2010

CONTINGENCY RESERVE

	Current Year Actual
Cash Receipts	
Transfer from General	\$ 68,144
Expenditures	<u>18,144</u>
Receipts Over (Under) Expenditures	50,000
Unencumbered Cash, July 1	<u>100,000</u>
Unencumbered Cash, June 30	<u>\$ 150,000</u>

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-10

Statement of Cash Receipts and Expenditures – Actual  
For the Fiscal Year Ended June 30, 2010

FEDERAL GRANTS

	<u>Title I</u>	<u>Title II-A Teacher Quality</u>	<u>Title II-D Technology Fund</u>	<u>Title II-D Technology Rich Grant</u>	<u>Title IV-A Safe and Drug Free</u>	<u>REAP Grant</u>
Cash Receipts						
Federal Aid	\$ 81,848	\$ 22,413	\$ 707	\$ 100,000	\$ 1,542	\$ 20,948
ARRA Federal Aid	24,942	0	1,740	0	0	0
Reaped from other programs	<u>0</u>	<u>0</u>	<u>11,592</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts	<u>106,790</u>	<u>22,413</u>	<u>14,039</u>	<u>100,000</u>	<u>1,542</u>	<u>20,948</u>
Expenditures						
Salaries	96,892	0	9,000	28,568	0	0
Employee Benefits	9,440	0	0	2,058	0	0
Materials & Supplies	388	500	2,885	1,397	0	0
Purchased Prof. & Tech. Services	0	3,741	948	0	0	0
Other Purchased Services	70	8,122	1,206	204	0	20,948
Equipment	0	0	0	52,773	0	0
Other	0	0	0	15,000	0	0
Reaped to other programs	<u>0</u>	<u>10,050</u>	<u>0</u>	<u>0</u>	<u>1,542</u>	<u>0</u>
Total Expenditures	<u>106,790</u>	<u>22,413</u>	<u>14,039</u>	<u>100,000</u>	<u>1,542</u>	<u>20,948</u>
Receipts Over(Under) Expenditures	0	0	0	0	0	0
Unencumbered Cash, July 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-11

Statement of Cash Receipts and Expenditures – Actual  
For the Fiscal Year Ended June 30, 2010

MISCELLANEOUS GRANTS & CLEARING

	Current Year Actual
Cash Receipts	
Reimbursements & Miscellaneous	\$ 1,428
Health Grants	8,208
Greenhouse Grant	<u>28,820</u>
Total Receipts	<u>38,456</u>
Expenditures	
Miscellaneous	113
Health Grant Expense	6,778
Greenhouse Expense	<u>29,745</u>
Total Expenditures	<u>36,636</u>
Receipts Over (Under) Expenditures	1,820
Unencumbered Cash, July 1	<u>2,764</u>
Unencumbered Cash, June 30	<u><u>\$ 4,584</u></u>

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-12

Statement of Cash Receipts and Expenditures – Actual and Budget  
For the Fiscal Year Ended June 30, 2010

KPERS RETIREMENT FUND

	Current Year		Variance
	Actual	Budget	Favorable (Unfavorable)
Cash Receipts			
Intergovernmental Receipts			
State of Kansas	\$ 90,705	\$ 203,261	\$ (112,556)
Expenditures			
Employee Benefits - Instruction	115,774	140,472	24,698
Employee Benefits - Student Support	3,153	5,370	2,217
Employee Benefits - Instructional Support	8,923	6,780	(2,143)
Employee Benefits - General Administration	12,852	10,668	(2,184)
Employee Benefits - School Administration	15,183	13,000	(2,183)
Employee Benefits - Other Supplemental Services	0	2,876	2,876
Employee Benefits - Operations and Maintenance	10,206	7,680	(2,526)
Employee Benefits - Student Transportation	5,343	8,435	3,092
Employee Benefits - Food Service	7,582	7,980	398
Total Expenditures	179,016	\$ 203,261	\$ 24,245
Receipts Over (Under) Expenditures	(88,311)		
Unencumbered Cash, July 1	0		
Unencumbered Cash, June 30	\$ (88,311)		

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-14

Statement of Cash Receipts and Expenditures – Actual and Budget  
For the Fiscal Year Ended June 30, 2010

AT-RISK (4 YEAR OLD)

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Miscellaneous	\$ 11,982	\$ 10,000	\$ 1,982
Transfer from General Fund	0	0	0
Transfer from Supplemental General Fund	12,654	12,654	0
Total Cash Receipts	<u>24,636</u>	<u>22,654</u>	<u>1,982</u>
Expenditures			
Instruction			
Certified Salaries	22,109	20,850	(1,259)
Supplies	767	200	(567)
Operations and Maintenance			
Purchased Property Services	689	112	(577)
Supplies	1,744	4,147	2,403
Total Expenditures	<u>25,309</u>	<u>\$ 25,309</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(673)		
Unencumbered Cash, July 1	<u>8,200</u>		
Unencumbered Cash, June 30	<u>\$ 7,527</u>		

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-15

Statement of Cash Receipts and Expenditures – Actual and Budget  
For the Fiscal Year Ended June 30, 2010

AT-RISK (K-12)

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Miscellaneous	\$ 4,398	\$ 0	\$ 4,398
Transfer from General Fund	133,472	253,520	(120,048)
Transfer from Supplemental General	73,948	64,948	9,000
Total Cash Receipts	<u>211,818</u>	<u>318,468</u>	<u>(106,650)</u>
Expenditures			
Instruction			
Certified Salaries	178,427	217,193	38,767
Non-Certified Salaries	0	30,000	30,000
Employee Benefits	21,916	27,275	5,359
Supplies	11,476	14,000	2,524
Equipment	0	30,000	30,000
Total Expenditures	<u>211,818</u>	<u>\$ 318,468</u>	<u>\$ 106,650</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, July 1	0		
Unencumbered Cash, June 30	<u>\$ 0</u>		

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-16

Statement of Cash Receipts and Expenditures – Actual  
For the Fiscal Year Ended June 30, 2010

CHARTER SCHOOL FUND

	Current Year Actual
Cash Receipts	
Federal Aid	<u>\$ 155,000</u>
Expenditures	
Instruction	
Certified Salaries	65,996
Employee Benefits	11,767
Purchased Professional & Technical Services	32,667
Property & Equipment	15,379
Instructional Support	
Other Purchased Services	3,449
General Administration	
Other	2,000
School Administration	
Certified Salaries	14,857
Employee Benefits	1,149
Other Purchased Services	1,037
Supplies	<u>6,700</u>
Total Expenditures	<u>155,000</u>
Receipts Over (Under) Expenditures	(0)
Unencumbered Cash, July 1	<u>0</u>
Unencumbered Cash, June 30	<u>\$ (0)</u>

The notes to the financial statement are an integral part of this statement.



UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-17

Statement of Cash Receipts and Expenditures – Actual and Budget  
For the Fiscal Year Ended June 30, 2010

BOND AND INTEREST FUND

	Current Year		Variance
	Actual	Budget	Favorable (Unfavorable)
Cash Receipts			
General Property Taxes			
Ad Valorem Property Tax	\$ 196,593	\$ 186,312	\$ 10,281
Delinquent Tax	4,619	3,112	1,507
Motor Vehicle	26,276	28,093	(1,817)
Recreational Vehicle	457	494	(37)
Intergovernmental Receipts			
State Aid	85,724	85,724	0
Total Cash Receipts	<u>313,668</u>	<u>303,735</u>	<u>9,933</u>
Expenditures			
Bond Principal	200,000	200,000	0
Bond Interest	95,600	95,600	0
Commission and Fees	0	26	26
Total Expenditures	<u>295,600</u>	<u>\$ 295,626</u>	<u>\$ 26</u>
Receipts Over (Under) Expenditures	18,068		
Unencumbered Cash, July 1	<u>554,417</u>		
Unencumbered Cash, June 30	<u>\$ 572,485</u>		

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 3-18

Statement of Cash Receipts and Expenditures – Actual  
For the Fiscal Year Ended June 30, 2010

FIDUCIARY TYPE FUNDS

	Oscar F. Stauffer Trust	Lola Heath Memorial	Martha Jane Hylton Foundation	Total
Cash Receipts	\$ 970	\$ 10	\$ 0	\$ 980
Expenditures	<u>450</u>	<u>0</u>	<u>0</u>	<u>450</u>
Receipts Over (Under) Expenditures	520	10	0	530
Unencumbered Cash, July 1	<u>31,803</u>	<u>1,238</u>	<u>1,000</u>	<u>34,041</u>
Unencumbered Cash, June 30	<u>\$ 32,323</u>	<u>\$ 1,248</u>	<u>\$ 1,000</u>	<u>\$ 34,571</u>

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 4(Con't)

Statement of Cash Receipts, Cash Disbursements  
and Cash Balances – Actual  
For the Fiscal Year Ended June 30, 2010

AGENCY FUNDS

<u>FUNDS</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Hope School				
Class of 2010	\$ 607	\$ 5,871	\$ 6,478	\$ 0
Class of 2011	2,238	1,635	3,373	500
Class of 2012	786	486	0	1,272
Class of 2013	0	3,942	2,181	1,761
Class of 2014	0	17	0	17
Alumni	107	26	0	133
FCCLA	833	381	1,071	143
National Honor Society	86	0	0	86
Pep Club	610	3,418	3,481	547
J.H. Stuco	53	0	53	0
H.S. Stuco	1,285	5,097	4,745	1,637
FFA	3,413	16,007	15,008	4,412
SADD	161	0	0	161
FBLA	603	2,245	1,983	865
H.S. Scholar Bowl	359	0	12	347
FCA	627	252	267	612
Faculty Staff	31	104	132	3
Interest	0	116	116	0
Subtotal - Hope Activity	<u>11,799</u>	<u>39,597</u>	<u>38,900</u>	<u>12,496</u>
White City Activity				
Class of 2010	4,589	1,172	5,761	0
Class of 2011	1,451	3,009	3,684	776
Class of 2012	2,499	10,443	6,181	6,761
Class of 2013	771	3,112	61	3,822
Class of 2014	327	642	0	969
Class of 2015	0	417	0	417
Weight Club	553	1,071	1,268	356
J.H. Cheerleaders	267	3,194	3,363	98
H.S. Cheerleaders	631	962	1,479	114
FCCLA	798	1,150	1,576	372
National Honor Society	514	57	349	222
Stucco	2,748	6,287	5,852	3,183
Scholars Bowl	498	636	356	778
F.O.R.	385	996	1,106	275
Dance Team	1,531	614	1,973	172
G.U.S.	153	130	55	228
Subtotal - White City Activity	<u>17,715</u>	<u>33,892</u>	<u>33,064</u>	<u>18,543</u>
Total Agency Funds	<u>\$ 29,514</u>	<u>\$ 73,489</u>	<u>\$ 71,964</u>	<u>\$ 31,039</u>

The notes to the financial statement are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 481  
RURAL VISTA  
WHITE CITY, KANSAS

Statement 5

Statement of Cash Receipts and Expenditures - Actual  
For the Fiscal Year Ended June 30, 2010

DISTRICT ACTIVITY FUNDS

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts						
Hope School	\$ 6,458	\$ 12,105	\$ 10,742	\$ 7,821	\$ 0	\$ 7,821
White City School	1,558	16,659	15,600	2,617	0	2,617
Subtotal Gate Receipts	<u>8,016</u>	<u>28,764</u>	<u>26,342</u>	<u>10,438</u>	<u>0</u>	<u>10,438</u>
School Projects						
Hope School						
Concessions	18	886	861	43	0	43
Principal Activity Account	530	4,106	3,844	792	0	792
Vo Ag Resale	0	3,583	3,583	0	0	0
Woodworking Resale	0	8,249	8,249	0	0	0
Annual	(25)	1,116	1,091	0	0	0
HS Vocal	629	706	513	822	0	822
In House Training	167	83	0	250	0	250
Art Resale	0	11	11	0	0	0
JH Science	154	0	0	154	0	154
Art Department	0	512	480	32	0	32
Book Fair	1,113	1,213	937	1,389	0	1,389
OWLS	251	0	251	0	0	0
Elementary	0	181	50	131	0	131
Dailey Grind	0	2,577	1,428	1,149	0	1,149
Clearing Fund	91	1,130	1,221	(0)	0	(0)
Sales Tax	72	1,056	1,089	39	0	39
Subtotal Hope School	<u>3,000</u>	<u>25,409</u>	<u>23,608</u>	<u>4,801</u>	<u>0</u>	<u>4,801</u>
White City Schhol						
Concessions	941	7,712	7,217	1,436	0	1,436
Choir	1,658	1,652	26	3,284	0	3,284
Student Supplies/Resale	0	3,806	3,806	0	0	0
Annual	847	1,463	2,310	0	0	0
Foresics/Play	262	193	271	184	0	184
Band	1,112	760	958	914	0	914
Book Fair	1,603	562	840	1,325	0	1,325
Yearbook	438	442	62	818	0	818
Clearing	87	710	707	90	0	90
Interest	110	92	0	202	0	202
Sales Tax	53	1,255	1,301	7	0	7
Subtotal White City School	<u>7,111</u>	<u>18,647</u>	<u>17,498</u>	<u>8,260</u>	<u>0</u>	<u>8,260</u>
Subtotal School Projects	<u>10,111</u>	<u>44,056</u>	<u>41,106</u>	<u>13,061</u>	<u>0</u>	<u>13,061</u>
Total District Activity Funds	<u>\$ 18,127</u>	<u>\$ 72,820</u>	<u>\$ 67,448</u>	<u>\$ 23,499</u>	<u>\$ 0</u>	<u>\$ 23,499</u>

The notes to the financial statement are an integral part of this statement.

Unified School District No. 481  
Rural Vista  
White City, Kansas

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

NOTE 1 - FUND DESCRIPTIONS

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash, and other financial resources, together with all related expenditures and residual cash balances, and changes within, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the fiscal year ended June 30, 2010.

Governmental Funds

General and Supplemental General Fund--to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds--to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Fund--to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Fiduciary Funds

Expendable Trust and Agency Funds--to account for assets held in a trustee capacity or as an agent for individuals, other governmental units, private organizations, and/or other funds. These include Expendable Trust Funds, Non-expendable Trust Funds, and Agency Funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Unified School District No. 481 is a municipal corporation governed by a seven member board of education. The district is a primary government and has no component units.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be recorded in the fund from which the transfer is made.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

The District has approved a resolution that is in accordance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the district to use the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

NOTE 3 - BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding eighteen month period on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

After the above procedures have been followed; the Kansas State Board of Education computes what the maximum legal general fund budget of operating expenses can be. For the fiscal year ended June 30, 2010, the State calculation of the legal maximum general fund budget was \$3,369,679. In accordance with Kansas statutes, a district will be penalized state aid equal to the amount expended in excess of the computed statutory limitation plus any qualifying budget credits. The District was within its maximum legal general fund budget authority for the fiscal year ended June 30, 2010.

Unified School District No. 481  
Rural Vista  
White City, Kansas

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

NOTE 3 - BUDGETARY INFORMATION (CONT)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end. Any unused portion of a prior year encumbrance cannot be used as expenditure authority for any purpose other than the original purchase order or contract. Therefore any unused portion of a prior year encumbrance is canceled and added back as an adjustment to beginning unencumbered cash in Statements 1 and 3.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds, and the following special revenue funds: Fiduciary Type Funds, Gate Receipts, Concession Fund, Nonexpendable Trust Funds, Contingency Reserve Fund, Misc Grants & Clearing Fund, Trust Funds and Federal Funds including Charter School.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by use of internal spending limits established by the governing body.

Statements 2 and 3 present budgetary comparison of the actual data on the budgetary basis, which includes encumbrances and transfers with the legally adopted budget. Because of tax levying dates, it is necessary that budget expenditures and revenues be estimated for an additional six month period on its budget which has not been included on Statements 2 and 3.

Property taxes are levied by the Kansas Counties in which the School District resides on November 1 and are payable in two installments on December 20 and May 10 of the subsequent year. The Counties collect and distribute in the succeeding year all property taxes collected for the District. Therefore, taxes levied for the District on November 1, 2009 will be distributed to the District by the County during 2010.

NOTE 4 - DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds, except the Capital Project Fund and the Nonexpendable Trust Funds. The District held no investments during the year, only deposits with allowable financial institutions. All interest earned during the year on idle funds of the governmental fund types was credited to the capital outlay fund as allowed by Kansas statutes.

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the Government's funds have a main or branch bank in the county in which the

Unified School District No. 481  
Rural Vista  
White City, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS (CONT)

Government is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Government's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Government has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may not be returned to it. State statutes require the Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Government has no designated "peak period". All deposits were legally secured at June 30, 2010.

At June 30, 2010, the carrying amount of the district's deposits, including certificates of deposits, was \$1,552,711 and the bank balance was \$2,115,509. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$806,522 was covered by F.D.I.C. and the remaining \$1,308,987 was collateralized with securities held by the pledging financial institution's agents in the District's name.

NOTE 5 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destructions of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Insurance claims have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in prior years.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description - USD 481, Rural Vista, White City, Kansas participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERs provides retirement benefits, life insurance, disability income benefits,



Unified School District No. 481  
Rural Vista  
White City, Kansas

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONT)

and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy - K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% or 6% of covered salary, depending on employee eligibility dates. Member-employee's contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 8.57% of covered payroll for the period 7/1/09 to 6/30/10 and currently contributes 9.17% of covered payroll for the period 7/1/10 to 6/30/11. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2010, 2009 and 2008 were \$248,468,186, \$242,277,363, and \$ 220,815,154 respectively, equal to the required contributions for each year.

NOTE 7 - COMPENSATED ABSENCES AND FRINGE BENEFITS FOR FULL TIME EMPLOYEES

Vacation and Temporary Leave

U.S.D. 481 provides vacation leave for the classified full-time employees. Each entitled employee receives one week of leave after one year of employment; two weeks per year after two years and up to ten years of employment; and three weeks per year after ten years of employment. Unused vacation leave may be cumulative up to a maximum of twenty-five days at the end of each school year.

Temporary leave is defined as absence from duties for illness, bereavement, or personal business. Temporary leave is provided for most District employees. Certified employees receive twelve days of temporary leave annually and can carryover up to sixty days to the next year. Classified employees receive one day per month employed of temporary leave. Full-time employees can accumulate up to a maximum of fifty days at the end of the year and part-time employees can accumulate up to thirty-eight days.

No estimate has been made of the total amounts of accumulated leave nor has any amount been reported or disclosed in these financial statements.

Section 125 Cafeteria Plan

U.S.D. 481 maintains an Internal Revenue Code Section 125 plan "cafeteria plan". The amount of salary to be reduced shall not exceed the sum authorized by the internal Revenue Code. U.S.D. 481 contributes \$3,490 annually for full-time certified personnel to be used for health coverage. For all other employees, the benefit is prorated. If an employee chooses to not be covered under the health coverage, they lose this benefit. Options available for salary reduction include, but are not limited to: health insurance, cancer/intensive care insurance, salary protection insurance, childcare/medical reimbursement, and group term life insurance.

Unified School District No. 481  
Rural Vista  
White City, Kansas

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

NOTE 8 - OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the district is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

NOTE 9 - INTERFUND TRANSFERS

Transfers between budgetary funds are for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenues. Operating transfers during the fiscal year ended June 30, 2010 consisted of the following:

Transfer From	Transfer To	Statutory Authority	Amount
General	Vocational Education	72-6428	\$ 71,350
General	Special Education	72-6428	468,536
General	At Risk (K-12)	72-6428	133,472
General	Contingency Reserve	72-6428	68,144
General	Capital Outlay	72-6428	222,215
Supplemental General	Food Service	72-6433	64,398
Supplemental General	Vocational Education	72-6433	176,268
Supplemental General	Special Education	72-6433	252,406
Supplemental General	Professional Development	72-6433	1,037
Supplemental General	At Risk (4 yr old)	72-6433	12,654
Supplemental General	At Risk (K-12)	72-6433	73,948
Supplemental General	Drivers Education	72-6433	23,832

NOTE 10 - LONG-TERM DEBT

General Obligation Bonds

On March 1, 2006 the District issued \$2,690,000 in General Obligation Bonds used to advance refund prior general obligation bonds issued to pay the cost of construction, renovating, furnishing and equipping facilities of the district and to pay a portion of the interest cost on the bonds during construction. The District began making interest payments on September 1, 2006 and made its first principal payment on September 1, 2007. The District levies taxes for principal & interest payments which are made from the Bond & Interest Fund.

Unified School District No. 481  
Rural Vista  
White City, Kansas

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

NOTE 10 - LONG-TERM DEBT (Cont)

Changes in long-term liabilities for the District for the year ended June 30, 2010, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds:										
Refunding Bonds	3.50-4.0%	3/1/2006	\$ 2,690,000	9/1/18	<u>\$ 2,490,000</u>	<u>\$ 0</u>	<u>\$ 200,000</u>	<u>\$ 0</u>	<u>\$ 2,290,000</u>	<u>\$ 95,600</u>
Total long-term debt					<u>\$ 2,490,000</u>	<u>\$ 0</u>	<u>\$ 200,000</u>	<u>\$ 0</u>	<u>\$ 2,290,000</u>	<u>\$ 95,600</u>

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016-2018</u>	<u>Total</u>
PRINCIPAL							
General Obligation Bonds	<u>\$ 205,000</u>	<u>\$ 215,000</u>	<u>\$ 230,000</u>	<u>\$ 240,000</u>	<u>\$ 255,000</u>	<u>\$ 1,145,000</u>	<u>\$ 2,290,000</u>
INTEREST							
General Obligation Bonds	<u>87,500</u>	<u>79,100</u>	<u>70,200</u>	<u>60,800</u>	<u>50,900</u>	<u>94,300</u>	<u>442,800</u>
Total Principal and Interest	<u>\$ 292,500</u>	<u>\$ 294,100</u>	<u>\$ 300,200</u>	<u>\$ 300,800</u>	<u>\$ 305,900</u>	<u>\$ 1,239,300</u>	<u>\$ 2,732,800</u>

Unified School District No. 481  
Rural Vista  
White City, Kansas

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

NOTE 11 – PRIOR YEAR CHANGES

The beginning unencumbered cash balances of the General, Supplemental General, Capital Outlay and Special Education Funds have been adjusted to correct misstatements. The General Fund was decreased by \$314,220 and Supplemental General was decreased by \$61,641 to report the receipts of state aid in the current year when actually received. The Capital Outlay Fund was increased by \$3,896 to account for prior year interest earned on a certificate of deposit not previously reported. The Special Education Fund was decreased by \$101,696 to move prior year transfers of funds from the General and Supplemental General Funds to Special Education to the current year and correctly record expenditures of the General and Supplemental General Funds in the prior year.

NOTE 12 – COMPLIANCE WITH KANSAS STATUTES

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports, Department of Education, and interpretation by the County Attorney and legal representatives of the municipality.

The General Fund showed a negative unencumbered cash balance of (\$270,555), the Supplemental General Fund a negative unencumbered cash balance of (\$51,914) and the KPERS Retirement Fund a negative unencumbered cash balance of (\$88,311) for the year ended June 30, 2010. K.S.A. 10-1116A (or 10-1116) provides that under certain situations, funds can end the year with a negative unencumbered cash balance and are therefore, exempt from the cash basis law of the State of Kansas. These funds are not deemed to be in violation of the Kansas cash basis law.

Deposits with financial institutions were not adequately secured at times in accordance with K.S.A. 9-1402.

Sealed bidding procedures were not strictly followed on all applicable purchases in accordance with K.S.A. 72-6760.

Management is not aware of any other statutory violations for the period covered by this audit.

Unified School District No. 481  
Rural Vista  
White City, Kansas

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

NOTE 12 – COMPLIANCE WITH KANSAS STATUTES (Cont)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of state aid that is due to be paid during the month of June and is paid the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by these education statutes for the General, Supplemental General and KPERS Retirement Funds for the year ended June 30, 2010.

Unified School District No. 481  
Statutory Revenues and Expenditures - Statutory and Budget  
For the Year Ended June 30, 2010

GENERAL FUND			
	Statutory Transactions	Budget	Variance Favorable (Unfavorable)
Statutory Revenues			
General Property Taxes	\$ 418,155	\$ 392,203	25,952
State Equalization Aid	2,422,361	2,598,280	(175,919)
State Special Education Aid	350,193	356,107	(5,914)
ARRA Stabilization Funds	163,208	163,208	0
Federal Aid	15,762	0	15,762
Total Statutory Revenues	<u>3,369,679</u>	<u>3,509,798</u>	<u>(140,119)</u>
Expenditures			
Instruction	1,333,311	1,540,737	207,426
Student Support	61,356	120,815	59,459
Instructional Support	109,332	126,125	16,793
General Administration	170,868	204,190	33,322
School Administration	193,617	220,743	27,126
Other Supplemental Services	54,505	62,005	7,500
Operation and Maintenance	317,097	228,172	(88,925)
Student Transportation	165,877	193,491	27,614
Fund Transfers	963,717	813,520	(150,197)
Adjustment to Comply with Legal Max	0	(140,119)	(140,119)
Legal General Fund Budget	3,369,679	3,369,679	(0)
Adjustments for Qualifying Budget Credits	0	0	0
Total Expenditures	<u>3,369,679</u>	<u>\$ 3,369,679</u>	<u>\$ (0)</u>
Revenue Over (Under) Expenditures	(0)		
Modified Unencumbered Cash, July 1, 2009	0		
Modified Unencumbered Cash, June 30, 2010	<u>\$ (0)</u>		

Unified School District No. 481  
Rural Vista  
White City, Kansas

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

NOTE 12 – COMPLIANCE WITH KANSAS STATUTES (Cont)

Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d) (Cont)

Unified School District No. 481  
Statutory Revenues and Expenditures - Statutory and Budget  
For the Year Ended June 30, 2010

SUPPLEMENTAL GENERAL FUND

	Statutory Transactions	Budget	Variance Favorable (Unfavorable)
Statutory Revenues			
General Property Taxes	\$ 509,067	\$ 480,996	\$ 28,071
State Equalization Aid	293,557	395,361	(101,804)
ARRA Stabilization Funds	99,739	0	99,739
Total Statutory Revenues	<u>902,363</u>	<u>876,357</u>	<u>26,006</u>
Expenditures			
Instruction	152,866	20,000	(132,866)
Operations & Maintenance	130,652	233,349	102,697
Student Transportation	11,939	40,000	28,061
Fund Transfers	604,543	606,651	2,108
Total Expenditures	<u>900,000</u>	<u>\$ 900,000</u>	<u>\$ (0)</u>
Revenue Over (Under) Expenditures	2,363		
Modified Unencumbered Cash, July 1, 2009	<u>22,730</u>		
Modified Unencumbered Cash, June 30, 2010	<u>\$ 25,093</u>		

Unified School District No. 481  
Rural Vista  
White City, Kansas

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

NOTE 12 – COMPLIANCE WITH KANSAS STATUTES (Cont)

Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d) (Cont)

Unified School District No. 481  
Statutory Revenues and Expenditures - Statutory and Budget  
For the Year Ended June 30, 2010

KPERS RETIREMENT CONTRIBUTIONS

	Statutory Transactions	Budget	Variance Favorable (Unfavorable)
Statutory Revenues			
Intergovernmental Receipts			
State of Kansas	\$ 179,016	\$ 203,261	\$ (24,245)
Total Statutory Revenues	<u>179,016</u>	<u>203,261</u>	<u>(24,245)</u>
Expenditures			
Employee Benefits - Instruction	115,774	140,472	24,698
Employee Benefits - Student Support	3,153	5,370	2,217
Employee Benefits - Instructional Support	8,923	6,780	(2,143)
Employee Benefits - General Administration	12,852	10,668	(2,184)
Employee Benefits - School Administration	15,183	13,000	(2,183)
Employee Benefits - Other Supp Services	0	2,876	2,876
Employee Benefits - Operations & Maint	10,206	7,680	(2,526)
Employee Benefits - Student Transportation	5,343	8,435	3,092
Employee Benefits - Food Service	7,582	7,980	398
Total Expenditures	<u>179,016</u>	<u>\$ 203,261</u>	<u>\$ 24,245</u>
Revenue Over (Under) Expenditures	(0)		
Modified Unencumbered Cash, July 1, 2009	0		
Modified Unencumbered Cash, June 30, 2010	<u>\$ (0)</u>		

Unified School District No. 481  
Rural Vista  
White City, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2010

SCHEDULE 1

Federal Grantor/Pass-through Grantor Program or Cluster Title	CFDA Number	Federal Expenditures
Department of Education/Pass Through State of Kansas		
ARRA-State Fiscal Stabilization Fund	84.394	\$ 262,947
Title I	84.010	81,848
ARRA Title I	84.389	24,942
Title II-A - Teacher Quality	84.367	22,413
Title II-D - Technology	84.318	100,707
ARRA Title II-D	84.386	1,740
Drug Free	84.186	1,542
Charter Schools	84.282	155,000
Course Mapping	84.372	800
Department of Education-Pass Through Smoky Hill Central KS Ed Ctr		
Career Tech - Perkins	84.048	3,349
Department of Education-Direct		
Small and Rural School Grant (REAP)	84.358A	20,948
Impact Aid	84.041	25,598
Department of Homeland Security/Pass Through State of Kansas		
School Preparedness	97.042	500
Department of Defense-Direct		
Impact Aid	12.558	7,757
Department of Agriculture/Pass Through State of Kansas		
School Breakfast	10.553	17,341
Food Service	10.555	85,769
Team Nutrition	10.574	895
Department of Health & Human Svcs/Pass Through State of Kansas		
Youth Risk Behavior	93.938	500
Total Federal Expenditures		<u>\$ 814,596</u>

See accompanying notes to schedule of expenditures of Federal Awards.



Unified School District No. 481  
Rural Vista  
White City, Kansas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2010

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Rural Vista USD No. 481 under programs of the federal government for the year ended June 30, 2010. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of USD No. 481, it is not intended to and does not present the cash receipts, cash disbursements and unencumbered cash of USD No. 481.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the statutory basis of accounting, which demonstrates compliance with the cash basis and budget laws of the State of Kansas. Expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – PROGRAM COSTS/MATCHING CONTRIBUTIONS

The amounts shown as current year expenses represent only the federal grant portion of the programs costs. Entire program costs, including USD 481's portion may be more than shown. District records should be consulted to determine amounts expended or matched from non-federal sources.

# ALDRICH & COMPANY, LLC

315 WEST MAIN  
COUNCIL GROVE, KS 66846

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education  
Rural Vista USD No. 481  
White City, Kansas

We have audited the statutory basis financial statements of Rural Vista USD No. 481, White City, Kansas, as of and for the year ended June 30, 2010, which collectively comprise USD 481's financial statements and have issued our report thereon dated January 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered USD 481's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of USD 481's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the USD 481's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did identify deficiencies in internal control over financial reporting that we consider to be a material weaknesses, as defined above, and described in the accompanying schedule of findings and questioned costs 2010-1 through 2010-5.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether USD 481's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of USD 481, in a separate letter dated January 3, 2011.

USD 481's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit USD 481's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, USD 481 Board of Education, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Aldrich & Company, LLC*

Aldrich & Company LLC  
Certified Public Accountants  
Council Grove, Kansas  
January 3, 2011

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education  
Rural Vista USD No. 481  
White City, Kansas

Compliance

We have audited the compliance of Rural Vista USD No. 481, White City, Kansas, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. USD 481's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of USD 481's management. Our responsibility is to express an opinion on USD 481's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about USD 481's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of USD 481's compliance with those requirements.

In our opinion, USD 481, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of USD 481, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered USD 481's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of USD 481's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control

over compliance described in the accompanying schedule of findings and questioned costs as item 2010-1 through 2010-5 to be material weaknesses.

USD 481's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit USD 481's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, USD 481 Board of Education, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Aldrich & Company, LLC*

Aldrich & Company LLC  
Council Grove, Kansas  
January 3, 2011

Schedule of Findings and Questioned Costs  
Rural Vista USD No. 481  
White City, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Rural Vista USD 481 White City, Kansas.
2. Five significant deficiencies were disclosed during the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. They were all reported as material weaknesses.
3. No instances of noncompliance material to the financial statements of USD 481 were disclosed during the audit.
4. Five significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133. These conditions are all reported as material weaknesses.
5. The auditor's report on compliance for the major federal award programs for USD 481 expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as a major program included: State Fiscal Stabilization Fund – Education State Grants, Recovery Act CFDA 84.394 and Charter Schools CFDA 84.282.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. USD 481 was not determined to be a low-risk auditee.

FINDINGS—FINANCIAL STATEMENTS AUDIT  
MATERIAL WEAKNESSES

- 2010-1    Inadequate segregation of duties  
*Condition:* There are inadequate segregation of duties with respect to the financial recordkeeping functions. The district treasurer and attendance center secretaries are responsible for most recordkeeping activities.  
*Criteria:* Internal controls should be in place to segregate duties where possible, and to monitor the duties of the treasurer and attendance center secretaries.  
*Cause:* The USD is very small with the primary focus of instruction and therefore, has few administrative personnel.  
*Effect:* Because of the lack of personnel, the treasurer or attendance center secretaries could cease performing some of their duties or become unable to perform them with the problem not being timely detected.  
*Recommendation:* Procedures should be implemented to segregate duties where possible, and to require the principals, superintendent, and board of education involvement in overseeing these assigned duties.  
*District response:* Administrative duties will be segregated as allowed by personnel and the principals, superintendent and board of education will continue to monitor duties performed by the treasurer and attendance center secretaries and contract for professional assistance if necessary.
- 2010-2    Disbursements  
*Condition:* The district's accounting system prints two signatures on each check, with the third signature required to be a live signature. There was not always a live signature on each check, nor are the purchase orders always signed with the superintendent's live signature as evidence of approval.  
*Criteria:* Internal controls should be in place to require that each check have at least one live signature and that purchase orders are signed by the superintendent as evidence of approval.  
*Cause:* Internal controls over the approval of purchase orders and check signing are not properly implemented.  
*Effect:* Because of the failure to implement internal controls consistently, an employee could initiate, record and process a disbursement without the knowledge or approval of other district personnel or management.  
*Recommendation:* Procedures should be in place to ensure that internal controls regarding check and purchase order signatures are always present.  
*District response:* The District agrees with the recommendation and all purchase orders will be signed or initialed by the superintendent and all checks will have a mandatory live signature.

Schedule of Findings and Questioned Costs  
Rural Vista USD No. 481  
White City, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010

FINDINGS—FINANCIAL STATEMENTS AUDIT  
MATERIAL WEAKNESSES (CONT)

- 2010-3 Bank reconciliation  
*Condition:* The District's manually prepared reconciled bank balances are not tied to the computer general ledger fund balances.  
*Criteria:* Internal controls should be in place to ensure that the bank balances are reconciled to the general ledger fund balances.  
*Cause:* Internal controls over bank and general ledger reconciliation procedures are inadequately designed.  
*Effect:* Because of the failure to prepare this reconciliation, material misstatements to the district's general ledger fund balances can occur and go undetected.  
*Recommendation:* Procedures should be in place to require that a treasurer's report be prepared monthly, reconciling the actual bank balances to the general ledger total fund balance.  
*District response:* The District agrees with the recommendation and will prepare the recommended reconciliation.
- 2010- 4 Financial statement preparation, including proposed and accepted journal entries.  
*Condition:* The district required assistance in preparing their financial statements, related notes and the schedule of expenditures of federal awards. This assistance included proposed and accepted journal entries to the districts books and records.  
*Criteria:* Internal controls should be in place over preparation of the financial statements to ensure an accurate and complete presentation.  
*Cause:* Internal controls present over financial statement preparation are inadequate due to limitations on staffing and resources.  
*Effect:* The district's financial statements could result in an incomplete or inaccurate presentation.  
*Recommendation:* Procedures should be implemented to ensure that district staff who are responsible for the oversight of financial statement preparation continue to obtain relevant education in preparing Kansas statutory basis financial statements.  
*District response:* The district agrees with the recommendation and will implement the recommended procedures.
- 2010- 5 Journal entries and receipts  
*Condition:* Documentation was not retained to support all journal entries and receipts made by the district to its general ledger and upon audit, sometimes had to be recreated.  
*Criteria:* Internal controls should be in place over journal entries and receipts to ensure that all applicable documentation is retained to support the validity of all entries made to the general ledger.  
*Cause:* Internal controls present over documentation retention regarding entries made to the general ledger are inadequately designed.  
*Effect:* Without the retention of supporting documentation for entries made to the general ledger, the propriety of the entries is difficult to ascertain.  
*Recommendation:* Procedures should be implemented requiring retention of supporting documentation for all entries made to the general ledger.  
*District response:* The district agrees with the recommendation and will implement the recommended procedures.

Schedule of Findings and Questioned Costs  
Rural Vista USD No. 481  
White City, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

DEPARTMENT OF EDUCATION

- 2010- 6    State Fiscal Stabilization Fund–Education State Grants, Recovery Act CFDA 84.394; Grant period-Year ended June 30, 2010

*Material Weaknesses.* The material weaknesses at findings 2010-1 through 2010-5 also apply to this grant.

- 2010- 7    Charter Schools CFDA 84.282; Grant period-Year ended June 30, 2010

*Material Weaknesses.* The material weaknesses at findings 2010-1 through 2010-5 also apply to this grant.